

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Nori Lietz is a member of the Pension Consulting Alliance, a financial investment consultant for the California Public Employees Retirement System ("CalPERS"). As an investment consultant, Respondent is a designated employee as defined in section 82019, subdivision (c) of the Political Reform Act (the "Act"),<sup>1</sup> and in the conflict of interest code for CalPERS.

As required by the Act and the CalPERS' conflict of interest code, each designated employee of CalPERS must file an annual statement of economic interests by April 1<sup>st</sup> of each year (unless April 1<sup>st</sup> falls on a Saturday, Sunday, or official holiday, in which case the filing deadline is extended to the next regular business day)<sup>2</sup>.

In this matter, Respondent failed to file a 2001 annual statement of economic interest by the April 2, 2002 due date.

The Enforcement Division handled this case on an expedited basis under the SEI Expedited Procedures adopted by the Commission in July of 1999.

For the purposes of this Stipulation, Respondent's violation is stated as follows:

As a designated employee of the California Public Employees Retirement System, Respondent Nori Lietz failed to file a 2001 annual statement of economic interests by April 2, 2002, in violation of section 87300 of the Government Code.

### **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in section 81002, subdivision (c), is to ensure that the assets and income of public officials, which may be materially affected by their official actions, be disclosed, so that conflicts of interest may be avoided.

In furtherance of this purpose, section 87300 requires every agency to adopt and promulgate a conflict of interest code. The agency's conflict of interest code must specifically designate the employees of the agency who are required to file statements of economic interests, disclosing their reportable investments, business positions, interests in real property, and income.

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<sup>1</sup> The Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

<sup>2</sup> Regulation 18116

Under section 82019, subdivision (c), and section 87302, subdivision (a), the persons who are to be designated in an agency's conflict of interest code are the officers, employees, members, and consultants of the agency, whose position with the agency entails making, or participating in making, governmental decisions that may have a reasonably foreseeable material effect on one or more of the person's economic interests.

Under section 87302, subdivision (b), an agency's conflict of interest code must require every designated employee of the agency to file an annual statement of economic interests for each year that the employee remains in office, at a time specified in the agency's conflict of interest code, disclosing his or her reportable economic interests held during the preceding calendar year.

Under section 87300, the requirements of an agency's conflict of interest code have the force of law, and any violation of those requirements is deemed a violation of the Act.

### **SUMMARY OF THE FACTS**

Respondent Nori Lietz is a member of the Pension Consulting Alliance, a financial consultant for CalPERS. As an investment consultant, Respondent is a designate employee of CalPERS, and as such she is required by the conflict of interest code for CalPERS to file a 2001 annual statement of economic interests by April 2, 2002, because April 1, 2002 fell on a holiday that year.

On February 7, 2002, Felecia Wimberley, the filing official for CalPERS, sent a letter and a blank statement of economic interests form to Respondent requesting that she complete the statement and return it to her by April 2, 2002. On March 21, 2002, Ms. Wimberley sent Respondent a letter reminding her that her 2001 annual statement of economic interests was due by April 2, 2002.

Respondent failed to file a 2001 annual statement of economic interests by April 2, 2002, in violation of Section 87300.

On April 10, 2002, Ms. Wimberley sent a third letter to Respondent informing her that her 2001 annual statement of economic interests was past due, and advising her that the matter would be referred to an enforcement authority if the statement was not received within ten days. When a statement was not filed in response to Ms. Wimberley's letters, the matter was referred to the Enforcement Division of the Fair Political Practices Commission (the "FPPC").

On October 3, 2002, Mary Ann Kvasager, the SEI Coordinator for the Enforcement Division, attempted to contact Respondent by telephone, leaving her a message that her 2001 annual statement of economic interests was past due, and instructing her to file the statement immediately. On October 4, 2002, Respondent left a telephone message for Ms. Kvasager stating that she was aware of her filing obligation, was busy moving her residence, and would attempt another call later. On October 4, 2002, Ms. Kvasager faxed Respondent a blank statement of

economic interests, and left her a second telephone message to complete the statement and forward it to her filing officer at CalPERS immediately.

In January 2004, in conjunction with reaching settlement of this matter, Respondent filed her 2001 annual statement of economic interests, more than 21 months after the due date.

### **CONCLUSION**

This matter consists of one count of violating Section 87300, which carries a maximum administrative penalty of Five Thousand Dollars (\$5,000). However, under the SEI Expedited Procedures adopted by the Commission in July 1999, the approved administrative penalty for filing a delinquent statement of economic interests only after an action is taken by an Enforcement Division attorney, is between Four Hundred and Six Hundred Dollars (\$400-\$600).

Respondent did not file her 2001 annual statement of economic interests until after being contacted by an Enforcement Division attorney, and until 21 months after it was due. These factors justify imposition of the agreed upon penalty of Six Hundred Dollars (\$600).